opinion about the crisis in the mortgage markets in America today. I think the difference is on the impact that this bill will have.

The problem in mortgage markets in America today is that for years we had lenders that were giving teaser rate loans, that were taking no paperwork requirements to prove that borrowers had the ability to buy the home and pay for it. And we had lenders making 100 percent, 110 percent, 120 percent loan-to-value loans. And, obviously, that worked fine when property values were increasing. When property values declined, you have got a crisis.

In essence, what has happened is that we have had this wild galloping horse in the credit markets of mortgages that has gotten loose. Now that horse has gotten very sick. There are none of these loans being made. As a matter of fact, credible buyers with paperwork, with 20 or 30 percent equity, can't get access to mortgage loans today in many instances.

What we are doing for this sick horse is to feed it strychnine. The markets having overreacted, we as Congress are going to pile on and kill the horse with poison. And the difference we have about this bill and this manager's amendment is on the impact it will have.

Does it help poor people, middle-income people that want to get access to homeownership? No.

□ 1315

And I would submit for the RECORD an article by Star Parker, who entitles this bill, ''How to Limit Homeownership for the Poor.''

Does this bill help existing homeowners? No, because it will decrease credit availability, which means fewer people will get access to loans. There will be fewer buyers for your home. And the law of supply and demand means that all of our homes will decrease in value because there will be fewer people available to buy.

Who does this bill help? Well, this bill does help landlords. Very few people will be able to buy homes in the future. Very few people will qualify for the credit. So if you are a landlord, you should be thankful. It helps lawyers. As the Wall Street Journal said, this is the 1–800 Sue Your Banker Act. This is the lawyers and landlords relief act.

[From Scripps Howard News Service, Nov. 9, 2007]

HOW TO LIMIT HOME OWNERSHIP FOR THE POOR

(By Star Parker)

The Mortgage Reform and Anti-Predatory Lending Act of 2007 has passed out of Chairman Barney Frank's House Financial Services Committee. It's now headed to the full House for a vote. In the name of protecting the poor from market predators it will in actuality protect the poor from wealth.

This is yet a new chapter in the grand liberal tradition that advances the illusion that government micromanagement of private lives and markets will make us better off. We already have laws against fraud and theft. But for liberals, government isn't there to enforce the law. It's there to run our lives.

The legislation assumes that when private individuals make mistakes they can't figure out what they did wrong and make adjustments and that even if they could they wouldn't.

We're going to wind up with new and onerous regulations in the business of making loans to consumers for purchasing homes, and as a result, fewer loans will be made and we'll all be worse off. Those who will be penalized the most will be the low-income families who the new regulations will supposedly protect.

Should fraud be permitted in our society? No. Should government interfere with private individuals' latitude to determine on their own what risks they wish to take and the willingness of others to finance those risks? Absolutely not.

Frank's bill crosses far over the line into regulating private lives and behavior where he and government have no business.

Why will this hurt the very low-income families it purports to protect?

We already have plenty of experience with the costs of so-called consumer protection laws in general and those designed to regulate mortgage lending in particular.

In a recently published article in the Cato Supreme Court Review, Professor Marcus Cole of the Stanford University Law School discusses the fallout of lending laws in Illinois.

The Illinois Fairness in Lending Act passed in 2005 gives the state oversight authority on loans made in nine designated zip codes in the state. These zip codes are, of course, areas in which residents are mostly lower-income households.

The law places authority in a state bureaucracy to review all applications for mortgages in these designated zip codes. The bureaucrats who review these applications determine if the borrower needs credit counseling and requires the lender to pay for it if required.

The costs of the counseling are estimated to be as high as $700 and can delay the processing of the loan up to a month.

The borrower has no option to forego this counseling, whose objective is ''to protect homebuyers from predatory lending in Cook County's at-risk communities and reduce the incidence of foreclosures.''

What's the result?

Cole reports the following: ''Instead of protecting hardworking would-be homeowners from predatory lending, the new law protected them from credit. Within just a few months more than 30 mortgage lenders refused to lend on homes purchased in the targeted zip codes. Those lenders determined to service these communities saw a rise in their costs, which translated into higher interest rates on their loans.''

The purported cure was worse than the disease. Cole goes on to note that, ''home sales in the designated zip codes dropped an average of 45 percent in just one month after the bill took effect. Home prices plummeted, draining relatively poor but hardworking people of what little equity they had in their homes.''

The experience is similar in other states where governments have authorized bureaucrats to insert themselves between lenders and borrowers. Yes, the number of defaults have declined. They have declined because the number of loans have declined.

The Wall Street Journal reports that currently ''80 percent of subprime loans are being repaid on time and another 10 percent are only 30 days behind.''

These are overwhelmingly loans to low-income families. Probably, under Barney Frank's new regulatory regime, many of these loans would not have been made and the families in these homes would be renting and considerably less wealthy than they are today.

To quote former Texas Rep. Dick Armey, ''freedom works.'' But it can only work if we let it.

Many have paid and are paying a great price for the errors and excesses of recent years. We now should allow private individuals and private markets the opportunity to self correct, which is what will happen.

If government steps in to pre-empt the market and Barney Frank is the one to decide who gets loans, the rich will stay rich, the poor will stay poor, and we'll have one more reason for already skeptical Americans to question the American dream.

Mr. BACHUS. Mr. Chairman, I rise in support of the bipartisan manager's amendment. It makes both technical and substantive changes in the legislation, and I think significant contributions. For example, the amendment incorporates language authored by the gentleman from California (Mr. GARY G. MILLER). His amendment clarifies the bill's anti-steering provisions to ensure that consumers retain the ability to finance points and fees in connection with a mortgage transaction. It also corrects certain problems in the provisions dealing with renters and foreclosed properties that Mr. MARCHANT from Texas raised during the markup. And it addresses some of those problems.

The amendment also includes provisions drafted by the gentlelady from Ohio (Ms. PRYCE) that will give consumers regular updates on the term of their mortgages and advance notice of any impending interest rate adjustments. Now, these are important improvements in the bill. And I again thank Chairman FRANK and the other members who contributed to the manager's amendment, and urge support for the manager's amendment.

I would yield the remaining time that I have to the gentleman from California (Mr. CAMPBELL).

The CHAIRMAN. The gentleman from California is recognized for 1¾ minutes.

Mr. CAMPBELL of California. I thank the ranking member for yielding.

I wish this manager's amendment was going to make this a good bill and improve this bill, but it is not making it a good bill.

We have a patient that is sick. That is the mortgage market. But what we are doing here is practicing medieval medicine. We are bleeding the patient. We're going to make the patient worse.

There's no argument that we ought to be doing something to improve the subprime and generally the mortgage market in this country as it goes forward, but we should not make it worse. And that's what this will do. And it will make it worse by drying up credit. And that's the biggest problem we have right now. People can't get loans for houses. And this is going to make it ever more difficult because it restricts the amount of loans they can get, and it puts in liability as well.